PROVINCE OF SASKATCHEWAN

09-10

ANNUAL REPORT

MINISTRY OF AGRICULTURE

Agricultural Stabilization Fund

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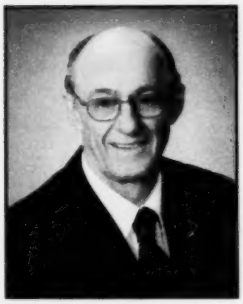
This annual report is also available in electronic format from the Ministry's website at **www.agriculture.gov.sk.ca**.

Letters of Transmittal



July 2010

His Honour
The Honourable Dr. Gordon L. Barnhart, S.O.M., Ph.D.
Lieutenant Governor of the Province of Saskatchewan

May It Please Your Honour:

I have the pleasure to submit to your Honour the Annual Report of the Saskatchewan Agricultural Stabilization Fund for the year ending March 31, 2010.

Respectfully submitted,

Bob Bjornerud

Bob Bjornerud
Minister of Agriculture

Letters of Transmittal

The Honourable Bob Bjornerud
Minister of Agriculture

Sir:

I wish to present to you the Annual Report of the Saskatchewan Agricultural Stabilization Fund for the 12 months ending March 31, 2010.

The Fund's annual report was prepared under my direction in accordance with the Government's Accountability Framework and its system of planning, measuring and reporting. All key actions, and associated economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Respectfully submitted,

Alanna Koch
Deputy Minister of Agriculture

The Saskatchewan Agricultural Stabilization Fund

The Fund is established under *the Farm Financial Stability Act.*

The purpose of the Fund is to administer those programs established under the Act, which enhance or stabilize the incomes of Saskatchewan farmers or the returns from commodities produced by Saskatchewan farmers.

The Fund administers each program that is set up under it by establishing a separate account, which receives funding from the provincial and federal governments and pays out these funds according to the specific program regulations.

The Fund operates the following seven accounts which are established by the regulations noted:

- Wildlife Damage Compensation Program Account – *The Wildlife Damage Compensation Program Regulations*
- New Crops Insurance Account – *The New Crops Insurance Program Regulations*
- The Agricultural Income Disaster Assistance and Canadian Farm Income Program Account – *The AIDA and CFIP Program Regulations*
- The BSE (Bovine Spongiform Encephalopathy) Recovery Program Account – *The Canada-Saskatchewan BSE Recovery Program Regulations, 2003*
- The Specified Risk Material Management (SRM) Program – *The Canada-Saskatchewan Specified Risk Material Management Program Regulations, 2007*
- The Farm and Ranch Water Infrastructure Program (FRWIP) – *The Farm and Ranch Water Infrastructure Program Regulations*
- The 2009 Farm and Ranch Water Infrastructure Program (FRWIP 2009) – *The 2009 Farm and Ranch Water Infrastructure Program Regulations*

Wildlife Damage Compensation Program

The Wildlife Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation under Growing Forward on behalf of the federal and provincial governments. Under this program, compensation is provided for damage caused by ducks, geese, sandhill cranes, white-tailed and mule deer, antelope, elk, bison, moose, bear, and most recently wild boar.

Until February 19, 2009, the program was fully funded at 80 per cent coverage, cost shared 60 per cent by the federal government and 40 per cent by the provincial government with a $100 minimum claim per crop. On that date the minimum claim per crop was increased to $150 and coverage was increased to 100 per cent, with the provincial government funding the additional 20 per cent. There are no premiums paid by producers and all Saskatchewan producers are eligible for compensation. Producers do not need to be Crop Insurance contract holders. Payments are based on the grade at the time of harvest, reflecting the value of the damaged crop; protein adjustments and malting status are not included in determining compensation amounts.

Though the former waterfowl and big game programs were combined under a single wildlife program in 2007, the compensation funds for each type of loss remain separate.

Wildlife Compensation Program Summary

FISCAL YEAR	Waterfowl Claims	Waterfowl Compensation Paid	Big Game Claims	Big Game Compensation Paid*
78-79	1,586	$1,836,587		
79-80	908	$ 977,476		
80-81	1,233	$1,465,480		
81-82	305	$ 312,061		
82-83	582	$ 684,593		
83-84	541	$ 869,910		
84-85	408	$ 763,530		
85-86	2,544	$6,389,022		
86-87	2,950	$6,658,769		
87-88	1,210	$1,779,933		
88-89	807	$1,337,903		
89-90	1,384	$3,727,130		
90-91	760	$2,138,380		
91-92	392	$ 683,391		
92-93	2,040	$5,557,642		
93-94	1,560	$3,603,156		
94-95	1,668	$1,778,556		
95-96	709	$1,352,767		
96-97	2,416	$7,951,921		
97-98	1,077	$4,361,668	1,671	$ 6,412,426
98-99	298	$ 520,360	264	$ 529,955
99-00	1,600	$4,309,428	400	$ 893,760
00-01	1,132	$2,559,440	383	$ 968,948
01-02	164	$ 233,093	612	$ 1,306,835
02-03	781	$2,368,893	393	$ 1,164,098
03-04	1,028	$5,202,721	2,789	$ 10,366,683
04-05	1,654	$5,028,034	813	$ 1,594,932
05-06	1,601	$4,843,872	1,595	$ 3,567,641
06-07	1,119	$4,055,209	1,588	$ 3,890,262
07-08	1,458	$7,696,618	1,294	$ 3,721,846
08-09	713	$2,159,830	927	$ 2,351,247
09-10	1,129	$4,154,806	1,235	$ 3,618,716
TOTAL	**37,757**	**$97,362,179**	**13,964**	**$ 40,387,349**
Average	**1,180**	**$3,042,568**	**1,074**	**$3,106,719**
Five-year average	**1,204**	**$4,582,067**	**1,328**	**$3,429,942**

*** Big Game Damage Compensation Fund**

From 1984 to 1990, the Big Game Compensation Program was administered by Saskatchewan Environment. In 1991, Saskatchewan Crop Insurance took over program administration. No program was offered in 1994 and 1995. The Big Game Damage Compensation Program resumed in November of 1996 but claims were not paid until 1997. Therefore, 1997-98 included claims from both 1996 and 1997 crop years.

Prior to 1996, the Big Game Damage Program was a provincial responsibility while the waterfowl program was a joint responsibility with indemnities shared between governments on a 50:50 basis. Payments under both programs were funded pay-as-you-go. Beginning in 1996, both programs were made eligible for federal and provincial funding.

New Crops Insurance Program

In 1997, Saskatchewan created the New Crops Insurance Program under the Saskatchewan Crop Insurance Corporation (SCIC) to expand the list of insurable crops to ones where there was less data available than had historically been required to obtain federal and provincial approval. This allows SCIC to be more proactive in accommodating producers' insurance needs as they diversify their own operations in response to market signals and opportunities. Given some of the additional uncertainty attached to these crops, coverage is limited to 70 per cent and not all features of the traditional insurance program are available for these crops. It is expected that over time these commodities may be moved into the traditional program.

In 2009-10, the crops covered under the program were caraway, coriander, dryland dry beans, Khorasan wheat, timothy hay, vegetables and wild rice. All new crops are insured for yield loss. A producer's production guarantee is determined using the provincial average yield for the new crop.

Premium cost-sharing is the same for new crops as the regular crop insurance program. Producers have the option of selecting coverage levels of 50, 60 or 70 per cent. SCIC requires producers who grow these crops to follow a number of industry recommended agronomic practices regarding seeding dates, seed treatment, crop rotations and other management practices in order to be eligible for insurance.

The New Crops Insurance Account, within the Saskatchewan Agricultural Stabilization Fund, is accessed when the indemnities to be paid out by SCIC exceed the premiums collected for new crops. The resulting shortfall is paid from the account to SCIC. In addition, the account is to pay to SCIC the costs for reinsurance arrangements for that year. Any surplus in the account is allowed to carry over to subsequent fiscal years.

Canadian Farm Income Program (CFIP)

The Canadian Farm Income Program (CFIP) was announced in July of 2000 and provided assistance to farmers for the 2000, 2001 and 2002 tax years. CFIP was a whole farm income support program that provided payments to producers when their claim year margin dropped below 70 per cent of their previous three-year average or five-year Olympic average gross margin (gross margin is revenue less cash operating expenses). Program payment contributions and administration costs were cost shared 60:40 federal/provincial. The federal government administered the program through the Farm Income Programs Directorate in Winnipeg with a satellite processing office in Regina.

The federal government has now finalized the program and issued a final invoice to Saskatchewan in March 2010. The invoice was paid shortly after year-end and all liabilities in the Fund attributable to the CFIP program are finalized.

BSE Recovery Program

The funds remaining in the BSE Recovery Program Account were returned to the General Revenue Fund in 2009-10 as this program is now complete. The Canada-Saskatchewan BSE Recovery Program Regulations, 2003 have been repealed.

Specified Risk Material Management Program (SRM)

The SRM Program provides funding to facilities affected by the enhanced feed ban for investment in one-time infrastructure development projects specifically related to SRM handling and disposal. The total cost for the program is $18.3 million and is cost shared between Canada and Saskatchewan. The program was announced March 30, 2007 and application deadline was December 31, 2008. Negotiations with the federal government have allowed an extension of the program until September 30, 2010. As well, in March 2010, the amount of the assistance payment was increased from 50 per cent to 75 per cent of eligible expenditures for the approved project. During 2009-10, expenditures were made on 23 projects totaling $7.8 million.

Farm and Ranch Water Infrastructure Program 2008 (FRWIP 2008)

The FRWIP provides funding to farmers, ranchers, rural municipalities (RMs) and Indian Bands in the designated drought region to develop secure water supplies to mitigate the effects of drought and encourage economic growth. The drought region is made up of 65 RMs in southwestern Saskatchewan. There are three components to the program:

1) Emergency – funding for RMs to provide emergency water supplies (50 per cent of eligible costs to a maximum of $10,000);

2) On-farm – funding for farmers and ranchers for well, pipeline and dugout projects (65 per cent of eligible costs); and

3) Community Wells – funding for RMs and Indian Bands for community well projects (85 per cent of eligible costs).

The program was announced May 1, 2008, and the application deadline was December 3, 2008. Applicants have until October 31, 2010, to complete their projects. During 2009-10, payments totaling $9.9 million were made for 1,455 on-farm projects.

Farm and Ranch Water Infrastructure Program 2009 (FRWIP 2009)

The FRWIP 2009 provides funding to farmers, ranchers, rural municipalities (RMs) and Indian Bands province wide to develop secure water supplies to mitigate the effects of drought and encourage economic growth.

There are two components to the program:

1) On-farm – funding for farmers and ranchers for well, pipeline and dugout projects (50 per cent of eligible costs): and
2) Community Wells – funding for RMs and Indian Bands for community well projects (66.66 per cent of eligible costs).

The program was announced on April 30, 2009. Applicants must complete their projects prior to March 15, 2013. During 2009-2010, payments totaling $5.5 million were made for 1,100 on-farm projects.

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Saskatchewan Agricultural Stabilization Fund (Fund) have been prepared by management in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments where appropriate.

The Fund's management is responsible for the reliability and integrity of these financial statements and other information in this annual report. Financial information in the annual report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Fund's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.

Alanna Koch
Deputy Minister
Ministry of Agriculture
Insert date of audit report here

Laurier Donais, CA
Executive Director
Corporate Services Branch
Ministry of Agriculture
Insert date of audit report here

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2010 and the statements of operations and changes in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
June 15, 2010

Financial Statements

SASKATCHEWAN AGRICULTURE STABILIZATION FUND

Statement of Financial Position
As at March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		The Farm and Ranch Water Infrastructure Program 2008	
	2010	2009	2010	2009	2010	2009
FINANCIAL ASSETS						
Cash	$ 328,236	$ 59,118	$ -	$ -	$ 4,812,681	$ 4,358,328
Due from the Saskatchewan Crop Insurance Corporation	-	90,347	-	-	-	-
Due from Province of Saskatchewan						
- General Revenue Fund (note 3)	897,245	156,855	6,537,408	6,507,084	-	5,600,000
Due from Government of Canada	1,419,048	547,222	-	-	585,555	1,426,739
Accrued interest and other receivables	39,674	25,030	4,191	16,739	-	-
	$ 2,684,203	$ 878,572	$ 6,541,599	$ 6,523,823	$ 5,398,236	$ 11,385,067
LIABILITIES						
Accounts payable and accrued liabilities	33,467	33,467	-	-	-	-
Indemnities payable	2,549,015	845,105	-	-	-	-
Grants payable	-	-	-	-	736,321	1,168,437
Due to the Saskatchewan Crop Insurance Corporation	101,721	-	-	-	-	-
Due to Government of Canada (note 4)	-	-	-	-	-	-
	2,684,203	878,572	-	-	736,321	1,168,437
NET FINANCIAL ASSETS	$ -	$ -	$ 6,541,599	$ 6,523,823	$ 4,661,915	$ 10,216,630

See accompanying notes to financial statements

AIDA-CFIP Program		Canada-Saskatchewan BSE Recovery Program		The Farm and Ranch Water Infrastructure Program 2009		Specified Risk Material Management Program		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
$ 2,670,148	$ 296	$ -	$ -	$ 6,953,485	$ -	$ 3,623,127	$ 6,094,738	$ 18,387,677	$ 10,512,480
-	-	-	-	-	-	-	-	-	90,347
-	4,748,746	-	47,059	3,304,958	-	-	-	10,739,611	17,059,744
-	-	-	-	-	-	6,651,829	929,487	8,656,432	2,903,448
-	-	-	-	-	-	-	-	43,865	41,769
$ 2,670,148	$ 4,749,042	$ -	$ 47,059	$ 10,258,443	$ -	$ 10,274,956	$ 7,024,225	$ 37,827,585	$ 30,607,788
-	-	-	-	-	-	-	-	$ 33,467	$ 33,467
-	-	-	-	-	-	-	-	2,549,015	845,105
-	-	-	-	758,443	-	6,096,990	2,351,603	7,591,754	3,520,040
-	-	-	-	-	-	-	-	101,721	-
2,669,852	2,687,366	-	-	-	-	-	-	2,669,852	2,687,366
2,669,852	2,687,366	-	-	758,443	-	6,096,990	2,351,603	$ 12,945,809	$ 7,085,978
$ 296	$ 2,061,676	$ -	$ 47,059	$ 9,500,000	$ -	$ 4,177,966	$ 4,672,622	$ 24,881,776	$ 23,521,810

Financial Statements (continued)

SASKATCHEWAN AGRICULTURE STABILIZATION FUND

Statement of Operations and Changes in Net Financial Assets
For the year ended March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		The Farm and Ranch Water Infrastructure Program 2008	
	2010	2009	2010	2009	2010	2009
Revenue						
Interest income	$ 702	$ 1,045	$ 17,776	$ 125,782	$ -	$ -
Province of Saskatchewan						
- General Revenue Fund grant programs	4,940,391	1,959,358	-	-	-	11,600,000
Government of Canada	4,536,339	2,870,523	-	-	4,552,668	1,426,739
Other	-	-	-	-	-	-
	9,477,432	4,830,926	17,776	125,782	4,552,668	13,026,739
Expenses						
Indemnities	9,477,432	4,830,926	-	-	-	-
Grants to producers	-	-	-	-	10,024,700	2,645,588
Other	-	-	-	-	82,683	164,521
	9,477,432	4,830,926	-	-	10,107,383	2,810,109
Excess (deficiency) of revenue over expenses for the year	$ -	$ -	$ 17,776	$ 125,782	$ (5,554,715)	$ 10,216,630
Net financial assets, beginning of year	$ -	$ -	$ 6,523,823	$ 6,398,041	$ 10,216,630	$ -
Net financial assets, end of year	$ -	$ -	$ 6,541,599	$ 6,523,823	$ 4,661,915	$ 10,216,630

AIDA-CFIP Program		Canada-Saskatchewan BSE Recovery Program		The Farm and Ranch Water Infrastructure Program 2009		Specified Risk Material Management Program		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,478	$ 126,827
-	-	-	-	9,500,000	-	-	-	$ 14,440,391	$ 13,559,358
17,514	-	-	-	5,970,958	-	6,833,384	2,091,878	$ 21,910,863	$ 6,389,140
-	-	-	-	-	-	-	-	$ -	$ -
17,514	-	-	-	15,470,958	-	6,833,384	2,091,878	$ 36,369,732	$ 20,075,325
-	-	-	-	-	-	-	-	$ 9,477,432	$ 4,830,926
-	-	-	-	5,970,958	-	7,328,040	3,486,464	$ 23,323,698	$ 6,132,052
2,078,894	-	47,059	-	-	-	-	-	$ 2,208,636	$ 164,521
2,078,894	-	47,059	-	5,970,958	-	7,328,040	3,486,464	$ 35,009,766	$ 11,127,499
$ (2,061,380)	$ -	$ (47,059)	$ -	$ 9,500,000	$ -	$ (494,656)	$ (1,394,586)	$ 1,359,966	$ 8,947,826
$ 2,061,676	$ 2,061,676	$ 47,059	$ 47,059	$ -	$ -	$ 4,672,622	$ 6,067,208	$ 23,521,810	$ 14,573,984
$ 296	$ 2,061,676	$ -	$ 47,059	$ 9,500,000	$ -	$ 4,177,966	$ 4,672,622	$ 24,881,776	$ 23,521,810

SASKATCHEWAN AGRICULTURE STABILIZATION FUND

Statement of Cash Flows
For the year ended March 31

	Wildlife Damage Compensation Program		New Crops Insurance Program		The Farm and Ranch Water Infrastructure Program 2008	
	2010	2009	2010	2009	2010	2009
Cash flows from (used in) operating activities:						
Cash receipts from the Government of Canada	$ 3,664,513	$ 2,744,964	$ -	$ -	$ 5,393,852	$ -
Cash receipts from the General Revenue Fund	4,043,146	1,802,503	-	-	-	6,000,000
Increase (decrease) in funds held by the General Revenue	897,245	156,855	-	-	-	5,600,000
Interest received	(13,942)	95	30,324	164,637	-	-
Cash paid to the Government of Canada	-	-	-	-	-	-
Cash paid to the Government of Saskatchewan	-	-	-	-	-	-
Cash received from (paid to) Saskatchewan Crop Insurance Corporation	192,068	(244,332)	-	-	-	-
Cash paid for administration	-	-	-	-	(82,683)	(164,521)
Cash received from (paid to) producers	(7,773,522)	(4,511,077)	-	-	(10,456,816)	(1,477,151)
Net increase (decrease) in cash and cash equivalents	1,009,508	(50,992)	30,324	164,637	(5,145,647)	9,958,328
Cash and cash equivalents at beginning of year	215,973	266,965	6,507,084	6,342,447	9,958,328	-
Cash and cash equivalents at end of year	$ 1,225,481	$ 215,973	$ 6,537,408	$ 6,507,084	$ 4,812,681	$ 9,958,328
Cash and cash equivalents include:						
Cash	$ 328,236	$ 59,118	$ -	$ -	$ 4,812,681	$ 4,358,328
Due from the Province of Saskatchewan - General Revenue Fund	897,245	156,855	6,537,408	6,507,084	-	5,600,000
	$ 1,225,481	$ 215,973	$ 6,537,408	$ 6,507,084	$ 4,812,681	$ 9,958,328

See accompanying notes to financial statements

AIDA-CFIP Program		Canada-Saskatchewan BSE Recovery Program		The Farm and Ranch Water Infrastructure Program 2009		Specified Risk Material Management Program		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
$ -	$ -	$ -	$ -	$ 2,666,000	$ -	$ 1,111,041	$ 752,018	$ 12,835,406	$ 3,496,982
2,669,852	-	-	-	9,500,000	-	-	-	$ 16,212,998	$ 7,802,503
(4,748,746)	-	-	-	3,304,958	-	-	-	$ (546,543)	$ 5,756,855
-	-	-	-	-	-	-	-	$ 16,382	$ 164,732
-	(2,195,254)	-	-	-	-	-	-	$ -	$ (2,195,254)
-	-	(47,059)	-	-	-	-	-	$ (47,059)	$ -
-	-	-	-	-	-	-	-	$ 192,068	$ (244,332)
-	-	-	-	-	-	-	-	$ (82,683)	$ (164,521)
-	-	-	-	(5,212,515)	-	(3,582,652)	(1,134,861)	$ (27,025,505)	$ (7,123,089)
(2,078,894)	(2,195,254)	(47,059)	-	10,258,443	-	(2,471,611)	(382,843)	$ 1,555,064	$ 7,493,876
4,749,042	6,944,296	47,059	47,059	-	-	6,094,738	6,477,581	$ 27,572,224	$ 20,078,348
$ 2,670,148	$ 4,749,042	$ -	$ 47,059	$ 10,258,443	$ -	$ 3,623,127	$ 6,094,738	$ 29,127,288	$ 27,572,224
$ 2,670,148	$ 296	$ -	$ -	$ 6,953,485	$ -	$ 3,623,127	$ 6,094,738	$ 18,387,677	$ 10,512,480
-	4,748,746	-	47,059	3,304,958	-	-	-	$ 10,739,611	$ 17,059,744
$ 2,670,148	$ 4,749,042	$ -	$ 47,059	$ 10,258,443	$ -	$ 3,623,127	$ 6,094,738	$ 29,127,288	$ 27,572,224

The Saskatchewan Agricultural Stabilization Fund (the Fund) was established under *The Farm Financial Stability Act* (the Act).

The following programs exist within the Fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

Wildlife Damage Compensation Program:
The Wildlife Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation and is the successor program to the Big Game Damage Compensation and the Waterfowl Damage Compensation Programs, which were established in 1996-97 and 1997-98 fiscal years respectively, pursuant to Part IV of the Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by big game and waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program - Canadian Farm Income Program (CFIP):
The AIDA-CFIP Program was established in the 2001-02 fiscal year pursuant to Part IV of the Act and is administered by the Saskatchewan Ministry of Agriculture. The purpose of the program was to facilitate the participation of Saskatchewan in a federal-provincial initiative, administered by the Federal Government, to assist producers facing a serious decline in their profit margins due to circumstances beyond their control.

The AIDA and CFIP programs were virtually the same in program specifications, qualification parameters and administration. The AIDA program was in place for producers' 1998 and 1999 claim year. The CFIP program was in place for producers' 2000, 2001, and 2002 claim years.

Canada-Saskatchewan BSE Recovery Program:
The Canada-Saskatchewan Bovine Spongiform Encephalopathy (BSE) Recovery Program was established in 2003-04 pursuant to Part IV of the Act and is administered by the Saskatchewan Ministry of Agriculture. The purpose of the program was to provide assistance payments to producers and packers affected by the closure of the Canada-United States border to eligible livestock exports.

Canada-Saskatchewan Specified Risk Material Management Program (SRM):
On June 26, 2006 the Canadian Food Inspection Agency (CFIA) announced enhancements to Canada's feed ban in an attempt to strengthen Canada's safeguards against the spread of BSE and to speed its eradication. The CFIA regulations require all Specified Risk Material (SRM) tissues to be

The Canada-Saskatchewan SRM Management Program provides funding to facilities affected by the enhanced feed ban for investment in one-time infrastructure development projects specifically related to SRM handling and disposal. The goal is to create viable environmentally safe disposal options across Saskatchewan to reduce the cost of industry adaptation to the new CFIA regulations.

The purpose of the program is to provide assistance payments to eligible applicants who develop the necessary infrastructure to remove, segregate, store, transport, dispose of or destroy specified risk material.

Farm and Ranch Water Infrastructure Program 2008 (FRWIP 2008):
The Farm and Ranch Water Infrastructure Program 2008 (FRWIP 2008) provides assistance to farmers, ranchers, rural municipalities and Indian Bands in designated drought areas of the province. The program covers emergency water supplies for short term demands, permanent on-farm water supplies, and the establishment of wells to serve communities over the long term. The intent of the program is to help lessen the impact of drought by providing a secure water source for farmers and ranchers. The program is administered by the Saskatchewan Ministry of Agriculture and is cost shared with the Federal Government.

Farm and Ranch Water Infrastructure Program 2009 (FRWIP 2009):
The Farm and Ranch Water Infrastructure Program 2009 (FRWIP 2009) provides assistance to develop water infrastructure across the entire province. The program covers on-farm water supplies and the establishment of wells to serve communities over the long term. The intent of the program is to help lessen the impact of drought by providing a secure water source for farmers and ranchers. The program is administered by the Saskatchewan Ministry of Agriculture and is cost shared with the Federal Government.

In the event that these programs terminate, any remaining net financial assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan

(note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.

Revenue Recognition:
Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses.

The Wildlife Damage Compensation program was funded at 80% coverage, cost shared 60% by the Federal Government and 40% by the Provincial Government. On February 19, 2009, coverage was increased to 100%, with the Provincial Government funding the additional 20%. This results in the Provincial Government funding 52% of this program after February 19, 2009.

The Slaughter and the Packer Incentive, Cull Animal, Fed Cattle Set-Aside, and Feeder Calf Set-Aside elements of the BSE Recovery Program were funded 60% by the Federal Government and 40% by the Provincial Government. The Inventory Set-Aside, Other Ruminant Industry Transitional Element, and Fed Livestock Competitive Market Adjustment elements of the BSE Recovery Program were funded 100% by the Provincial Government.

The New Crops Insurance program was funded 60% by the Federal Government and 40% by the Provincial Government.

The Specified Risk Material Management program is funded 60% by the Federal Government (to a maximum of $11.0 million) and 40% by the Provincial Government (to a maximum of $7.3 million).

The Farm and Ranch Water Infrastructure Program 2008 is funded 60% by the Federal Government and 40% by the Provincial Government, except for dugout projects, which are funded 100% by the Provincial Government.

The Farm and Ranch Water Infrastructure Program 2009 is funded by the Federal Government and by the Provincial Government as specified in the Growing Forward Framework Agreement. During the year this program was funded 24% by the Provincial Government and 76% by the Federal Government.

The amount recognized as revenue from the Federal Government is a percentage of the program eligible expenses.

The Fund only administers the Provincial portion of the AIDA and CFIP programs and as a result, the Fund does not record any funding from the Federal Government for its portion of AIDA or CFIP.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria have been met. The return of grant money to the General Revenue Fund is recognized as an expense.

Use of Estimates:
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. The significant item subject to such estimates and assumptions is indemnities payable. Actual results could differ from those estimated.

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops Insurance Program bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty-day borrowing rate was 0.27% (2009 – 1.95%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA-CFIP Program funds, the Wildlife Damage Compensation Program funds, the Specified Risk Material Management Program funds and the Farm and Ranch Water Infrastructure Program funds are deposited in the General Revenue Fund. Interest is not paid on these accounts.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Due to Government of Canada

The amount payable to the Government of Canada for AIDA/CFIP programs has now been finalized and the liability was settled shortly after year-end. The AIDA/CFIP programs are now complete.

5. Planned results

	Budget 2009-10 ($000)	Actual 2009-10 ($000)	Actual 2008-09 ($000)
Revenue			
New Crops Insurance	$ 150	$ 18	$ 126
Wildlife Damage Compensation	8,000	9,477	4,831
AIDA-CFIP	---	---	---
Specified Risk Material Management	7,997	6,833	2,092
Farm and Ranch Water Infrastructure 2008	4,800	4,449	13,027
Farm and Ranch Water Infrastructure 2009	---	14,994	---
Expenses			
Wildlife Crop Damage Compensation	8,000	9,477	4,831
AIDA-CFIP	---	2,061	---
Canada-Saskatchewan BSE Recovery	---	47	---
Specified Risk Material Management	12,624	7,328	3,486
Farm and Ranch Water Infrastructure 2008	8,000	9,935	2,810
Farm and Ranch Water Infrastructure 2009	---	5,494	---

6. Fair value of financial assets and financial liabilities

The carrying amounts of all financial assets and financial liabilities approximate their fair value due to their short-term nature.

7. Related party transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Wildlife Damage Compensation and New Crops Insurance programs.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established Government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various ministry appropriations and, therefore, no provision for such costs is reflected in these financial statements.

8. Commitments

Under the FRWIP programs the Fund has committed at March 31, 2010 to provide assistance to producers for projects to develop water infrastructure totalling $74,174,661. $1,494,800 of this amount has been reflected in these financial statements.